

Shippensburg

UNIVERSITY

John L. Grove College of Business

Investment Management Program 2001 Annual Report



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Mission Statement

To proficiently manage a real dollar portfolio with the objective of growth, and while gaining experience as portfolio managers, to improve the IMP members' marketability for professional careers in the financial services industry.

Investment Management Program Spring 2001 Class



Back Row: Pat Velekei, George Schneider, Jason Reed, John Frey, Phil Smith, Victoria Mikesic, Jason Osberg, Mike Tornatela, Bill Shipp.

Front Row: Saeed Sadeghin, Jay Keeney, Dave Adams, Ed Mowery, Matt Boltz, Nick Bucci.

IMP History, Structure, and Benefits

The 2001 Investment Management Program (IMP) class includes sixteen senior finance major students who enrolled in the class in either the fall or spring semester (or in some cases both semesters) to serve as a group of senior portfolio managers. They are responsible for the entire management process including portfolio construction, monitoring the securities, and revision of the portfolio. In order to participate in the class, students are interviewed by finance faculty to determine who will be admitted. The decision is based upon a cover letter, résumé, and application submitted by the students. The faculty consider performance in previous finance classes, strong computer skills, leadership skills, internship or relevant work experience, and involvement in the Investment Club and/or the Ship Global Collegiate Fund.

The students are in charge of the class on a regular basis in order to give them hands-on leadership experience. In maintaining the portfolio, three groups—Accounting, Administrative, and Public Relations—are created to accomplish the class objectives. Students in the class make all the decisions on managing the investment portfolio. They also analyze holdings in the portfolio and propose changes based on set objectives. Students are required to perform substantial research and presentations on investment opportunities, the economy, and securities. They

make extensive use of computer databases and research resources.

Use of an Online Brokerage

When initially reviewing the portfolios in the fall, it was evident to the class that trading costs were greatly lowering the returns the two portfolios could realize. A full-service broker has provided valuable service to the IMP. However, after researching the costs of an online broker, it became evident that this service would provide a much more cost-effective trading procedure.

Before making any decisions, the class discussed and evaluated possible alternatives to a full-service broker. The IMP class acts as the manager for the SU Foundation's Wisman Fund. Class members spend time monitoring the current portfolio holdings and conducting research on possible future holdings, services also provided by a full-service broker. Because the IMP requires only transaction services, the class decided that the high trading costs were not a good use of the funds' capital.

The class evaluated several online brokerages based on cost and service and determined its needs could be met using an online brokerage at a fraction of the cost of a full-service broker.

The SU Foundation, as the fiduciary advisor of the managed endowment, had some concerns about changing the trading procedures. The full-service broker used in the past has provided timely, professional

service and has been an asset to the IMP. However, after discussion with the SU Foundation and further research it was agreed that an online broker would provide the IMP with much more cost effective trading procedures while meeting all of the program's needs.

Other benefits of trading with an online broker is the students now have more responsibility. Considering the program's primary objective is giving students hands-on experience in managing a portfolio, the class feels this decision has been beneficial on many levels.

Website

During the spring semester of 2001, the class decided to redesign the IMP web site. Because many class members lacked the ability to produce a quality web site, we decided to outsource the project. In order to benefit other areas of the university, the class brought in a group of Shippensburg University students majoring in Business Information Systems. Dr. Gary Armstrong allowed students from his *Total Information Systems* class to assist us and use this project as a graded assignment. The whole process was set up as though it was a "real-world" business situation.

The web site, which is now complete, shows the many aspects of the IMP. It is very concise and informative, covering nearly everything involved with the IMP. The home page states our mission and provides

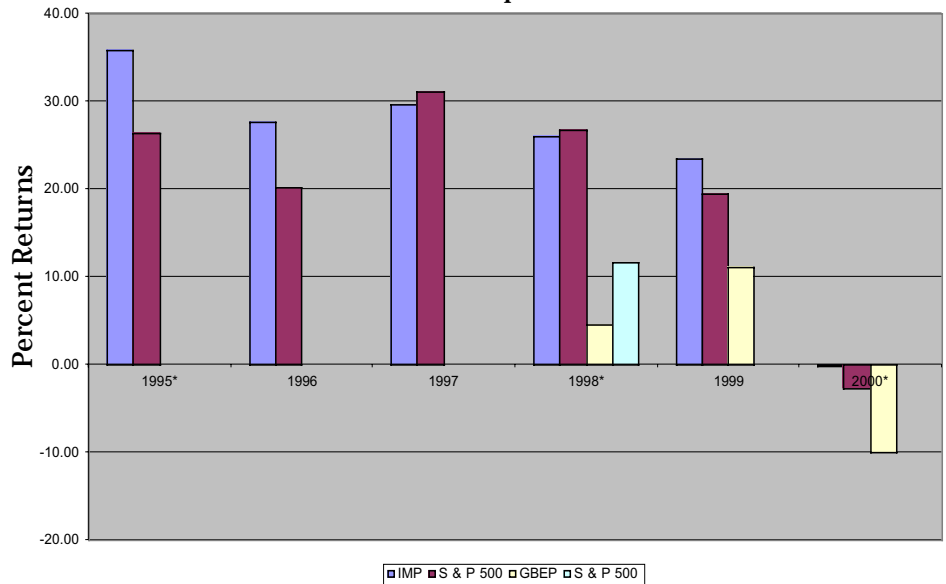
many links to other Shippensburg University web sites. There is information about both the IMP portfolio and the GBEP portfolio. Our annual report is posted on a yearly basis showing all buy and sell decisions made during each semester. Investor and donor information is also provided on the web page explaining the benefits of donating to the IMP. As always, we strongly suggest that you view the web page yourself (<http://www.ship.edu/~imp>), and we would greatly appreciate hearing from you.

Net Asset Value

During the 2000-01 school year, two members of the IMP fall class, Brian Hollenden and Dan Schaffer, built upon the work of former students in constructing a Net Asset Value (NAV) algorithm. The purpose of this NAV is to provide a means of tracking the performance of the IMP's portfolio as well as the GBEP portfolio.

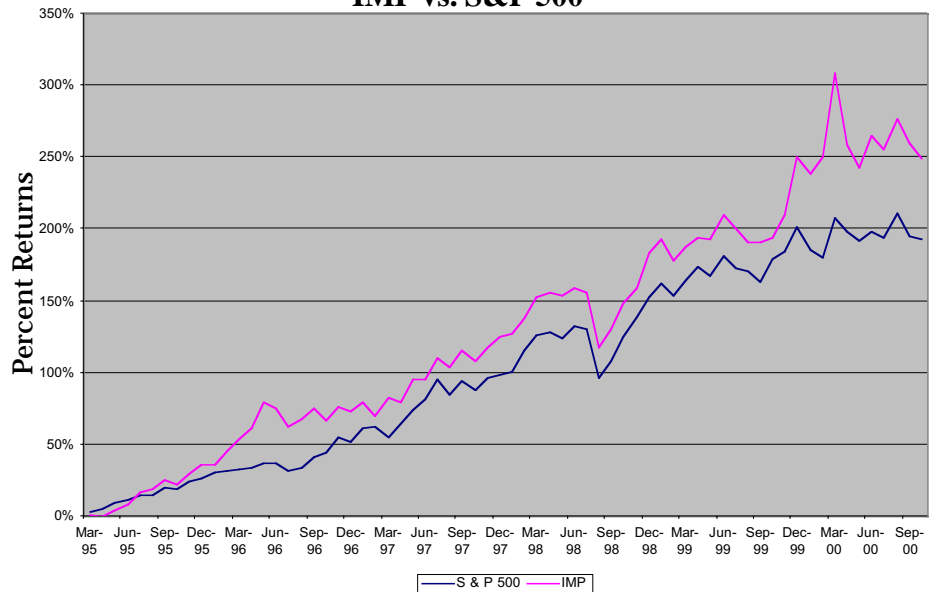
Using historical data starting in 1995, they factored in gross contributions and withdrawals along with the ending values of the cash and securities held at the time. This process resulted in a monthly NAV for the IMP and the GBEP portfolios. It is now possible for IMP classes to use their NAV software to calculate monthly NAVs for the two portfolios.

Comparative Returns



* These years have the return of the S&P 500 calculated for the months corresponding to those when the portfolios were active.

IMP vs. S&P 500



The IMP Portfolio

The orientation of the 2000-2001 Investment Management Program (IMP) is to utilize professional financial advisement methods to effectively manage the portfolio. This process includes implementing portfolio objectives and constraints, reevaluating current holdings, and discovering securities that will further strengthen the portfolio. Class objectives in managing the portfolio are:

- To form investment policies and strategies appropriate for a diversified portfolio.
- To develop risk-reduction techniques and safeguards.
- To achieve a risk adjusted return that exceeds that of the S&P 500.

During evaluation of current holdings, the IMP uses a “top-down” strategy. This involves first determining economic trends and industrial outlook for each company represented in the portfolio. The students then analyze the company with an emphasis on its competitiveness in the industry. Finally, by examining the company’s current financial strength, growth potential, and risk to return ratio, the class makes a decision whether to increase, hold, or sell the current holdings. Following this evaluation, the students research new securities that may be added to the portfolio. The IMP revisits the “top-down” approach by beginning with an in-depth economic and industry analysis. The students identify industries

with strong competition and growth possibilities. The students also take into account those industries that will assist in diversifying our portfolio and reducing our exposure to risk. From those industries, companies are selected and subjected to an intensive analysis. Analysis of the firm integrates the quality of and the demand for the company’s product, its financial strength, and the quality of the company’s management. Securities are selected based on the attractiveness of expected returns in relation to their risk.

Sell Decisions:

Hershey Foods Corporation (HSY)

The IMP portfolio has held Hershey since 1995. Hershey reached a 52-week high of \$70.15 on March 30, 2001. The IMP class felt that Hershey was still a good stock to own but that there are more profitable investment opportunities in other industries. For these reasons we chose to reduce Hershey to its original portfolio weight of about 3%. This resulted in the class selling 30 shares of Hershey.

Home Depot (HD)

Having owned this stock since 1996, and realized a holding period return of 331%, the class felt that due to current economic conditions it was a good time to take profit on the position. These conditions include rising competition combined a slow in eco-

nomical growth. We did keep 32 shares due to continued fundamental strength of the corporation and to maintain portfolio diversification.

Kaydon (KDN)

After realizing a holding period return of 69%, and holding the stock since 1996, the class chose to sell the entire position. This decision was based on the fact that the company’s future growth rates are predicted to be much less than previous years. In addition, the class believed that better opportunities are available in industries with higher growth potential.

Pitney Bowes (PBI)

Recent news indicated that Pitney Bowes, a member of the office equipment industry, would be cutting many jobs. More importantly, Pitney Bowes has missed earnings estimates 3 out of the last 4 quarters. Future earnings are projected to be substantially lower than previous years and also much lower than their industry average. For these reasons the class voted to sell the entire position with a 90% holding period return, held since 1996.

Buy Decisions:

Citigroup (C)

Citigroup is a diversified financial holding company that offers various financial services, such as banking, insurance, and investment services to consumer and corporate customers in over

100 countries and territories. Citigroup has had strong earnings growth in the past, which is expected to continue in the future. They also have management effectiveness ratios, which outperform the industry. Citigroup has lower downside risk than most companies in the industry because of their broad diversification, while maintaining potential for providing strong upside returns. The IMP believes that a major financial holding company is essential for a well-diversified portfolio and to achieve our investment strategy.

Corning Inc (GLW)

Corning, once an old-line house wares company, is now a leading manufacturer of fiber optics and semiconductor components for the fast growing telecommunications and electronics industries. The company is planning to make significant investments in capital expenditures and Research & Development during 2001, spending \$ 2.5 billion to increase capacity. We bought Corning at its 52-week low and expect sales to grow at about 20% for the 2001 fiscal year, and a P/E ratio of 17 times 2001 earnings.

Impath Inc. (IMPH)

Impath provides patient-specific cancer diagnostic and prognostic information, specializing in difficult to diagnose tumors, prognostic profiles in breast and other cancers, and lymphoma/leukemia analysis. Impath is considered a small cap stock in the healthcare facilities industry. Revenues are expected to grow

29% in 2001 along with a 30% growth in EPS, which is currently .79 per share. Impath has achieved 28 consecutive quarters of record revenues.

PepsiCo (PEP)

PepsiCo is engaged in the snack food, soft drink and juice markets. In late December of last year, PepsiCo announced an agreement to acquire Quaker Oats. Quaker Oats has attractive snack and convenience food lines in addition to its more mature cereal and food businesses, along with the largest selling and fastest growing sports drink in the world, Gatorade. Through its successful acquisitions, marketing campaign, and product names, PepsiCo shows great long-term growth opportunity.

IMP Portfolio Holdings

Computer Networks
Food Processing
Medical Equipment and Supplies
Miscellaneous Fabricated Products
Office Equipment
Oil Well Services and Equipment
Personal and Household Products
Regional Banks
Restaurants
Retail (Department and Discount)
Retail (Home Improvement)
Semiconductors
Software and Programming
Communications Technology
Investment Services
Mutual Funds
Cash

Pfizer Inc (PFE)

Pfizer is a researched-based, global pharmaceutical company. They discover and develop innovative, value-added products that improve the quality of life. Pfizer has developed three main business segments: health care, animal health, and consumer health care. Pfizer was bought to add a defensive stock to our portfolio. Pfizer is the leader in market capitalization in its industry and has outperformed competitors such as Merck, Johnson & Johnson, and Eli Lilly.

IMP Portfolio Holdings in line with S&P Categories

| | |
|------------------------|---------|
| Technology | 27.03% |
| Health Care | 8.06% |
| Consumer Staples | 20.53% |
| Capital Goods | 8.27% |
| Energy | 6.22% |
| Financials | 8.60% |
| Consumer Cyclical | 10.79% |
| Utilities | 0.00% |
| Transportation | 0.00% |
| Basic Materials | 0.00% |
| Communication Services | 0.00% |
| | 89.50% |
| <i>Plus</i> | |
| Mutual Funds | 4.75% |
| Cash | 5.75% |
| | 100.00% |

IMP Portfolio Performance

Portfolio Statement as of Market Close 19-Apr-01

| Stock | Purchase Date | Beta | Shares | Purchase Price | Initial Cost Basis | 1/1/01 Price | 3/19/01 Price |
|---|----------------|-------------|--------|----------------|--------------------|--------------------|--------------------|
| OPEN POSITIONS | | | | | | | |
| Brocade Communications (BRCD) | 4/19/00 | N/A | 80 | 55.469 | 4,437.50 | 75.500 | 27.480 |
| Cisco Systems (CSCO) | 4/29/99 | 1.76 | 105 | 27.766 | 2,915.43 | 33.313 | 18.813 |
| Computer Networks | | | | | 7,352.93 | | |
| Hershey Foods (HSY) | 4/27/95 | -0.27 | 30 | 25.813 | 774.38 | 65.125 | 65.210 |
| Food Processing | | | | | 774.38 | | |
| Closure Medical (CLSR) | 5/6/97 | 1.06 | 50 | 15.125 | 756.25 | 33.000 | 19.813 |
| Medtronic (MDT) | 4/16/96 | 0.74 | 70 | 13.563 | 949.41 | 59.500 | 51.180 |
| Medical Equipment & Supplies | | | | | 1,705.66 | | |
| Corning (GLW) | 4/12/01 | 1.70 | 63 | 23.660 | 1,490.58 | 47.380 | 25.200 |
| Communications Equipment | | | | | 1,490.58 | | |
| Citigroup | 4/12/01 | 1.28 | 53 | 47.400 | 2,512.20 | 50.500 | 46.300 |
| Money Center Banks | | | | | 2,512.20 | | |
| Pepsi (PEP) | 4/12/01 | 0.92 | 58 | 41.98 | 2,434.84 | 49.224 | 42.68 |
| Beverages | | | | | 2,434.84 | | |
| Impath (IMPH) | 4/12/01 | 0.20 | 21 | 47.98 | 1,007.58 | 61.875 | 40.500 |
| Healthcare Facilities | | | | | 1,007.58 | | |
| Pfizer (PFE) | 4/12/01 | 0.47 | 49 | 40.80 | 1,999.20 | 46.010 | 37.600 |
| Major Drugs | | | | | 1,999.20 | | |
| Enron (ENE) | 4/12/01 | 0.73 | 43 | 57.500 | 2,472.50 | 79.734 | 61.800 |
| Natural Gas Utilities | | | | | 2,472.50 | | |
| Noble Drilling (NE) | 2/24/98 | 1.45 | 70 | 29.375 | 2,056.25 | 43.313 | 46.550 |
| Oil Well Services & Equipment | | | | | 2,056.25 | | |
| Proctor & Gamble Co. (PG) | 4/19/00 | 0.34 | 67 | 67.375 | 4,514.13 | 78.500 | 70.500 |
| Gillette (G) | 4/27/95 | 0.91 | 60 | 20.875 | 1,252.50 | 35.438 | 32.510 |
| Personal & Household Products | | | | | 5,766.63 | | |
| Commerce Bancorp (CBH) | 2/24/98 | 0.67 | 47 | 42.810 | 2,012.07 | 63.500 | 59.500 |
| Regional Banks | | | | | 2,012.07 | | |
| Papa John's (PZZA) | 4/29/99 | 0.77 | 103 | 39.500 | 4,068.50 | 20.188 | 23.875 |
| Restaurants | | | | | 4,068.50 | | |
| WalMart (WMT) | 4/29/99 | 0.95 | 82 | 47.750 | 3,915.50 | 53.875 | 50.090 |
| Retail (Department & Discount) | | | | | 3,915.50 | | |
| Home Depot (HD) | 4/16/96 | 1.08 | 32 | 10.480 | 335.36 | 45.563 | 42.500 |
| Retail (Home Improvement) | | | | | 335.36 | | |
| Intel (INTC) | 5/6/97 | 1.56 | 136 | 14.074 | 1,914.00 | 31.063 | 28.563 |
| Semiconductors | | | | | 1,914.00 | | |
| Oracle Corporation (ORCL) | 4/19/00 | 1.85 | 114 | 39.297 | 4,479.89 | 26.375 | 19.000 |
| Microsoft (MSFT) | 2/24/98 | 1.78 | 50 | 41.719 | 2,085.94 | 43.375 | 59.000 |
| Software & Programming | | | | | 6,565.82 | | |
| Nokia Corporation (NOK) | 4/19/00 | 1.96 | 69 | 50.688 | 3,497.44 | 40.875 | 22.000 |
| Communications Technology | | | | | 3,497.44 | | |
| Knight/Trimark Group (NITE) | 4/19/00 | 4.89 | 106 | 36.430 | 3,861.58 | 13.375 | 16.250 |
| Investment Services | | | | | 3,861.58 | | |
| Janus Worldwide (JAWWX) | 4/27/95 | 0.89 | 51.041 | 24.480 | 1,249.48 | 55.150 | 51.490 |
| Mutual Funds | | | | | 1,249.48 | | |
| Prudential Money Mkt Assets Fund | | | | | | | |
| Money Market | | | | | | | |
| OPEN POSITIONS TOTALS | | 1.05 | | | \$49,038.67 | \$64,464.89 | \$53,407.54 |
| S&P 500 (Benchmark) | 4/27/95 | 1.00 | | | \$513.55 | \$1,283.27 | \$1,170.81 |

| Current Price | Current Mkt Value | Total Dividends | One Month Change | Year to Date Change | Holding Change | Annualized Return | Portfolio Weights |
|-------------------|--------------------|-----------------|------------------|---------------------|----------------|-------------------|-------------------|
| 25.400 | 2,032.00 | 0.00 | -7.57% | -66.36% | -54.21% | -54.21% | 3.98% |
| 17.400 | 1,827.00 | 0.00 | -7.51% | -47.77% | -37.33% | -18.90% | 3.58% |
| | 3,859.00 | | | | | | 7.56% |
| 66.450 | 1,993.50 | 255.75 | 1.90% | 2.03% | 190.46% | 31.83% | 3.91% |
| | 1,993.50 | | | | | | 3.91% |
| 15.375 | 768.75 | 0.00 | -22.40% | -53.41% | 1.65% | 0.42% | 1.51% |
| 47.800 | 3,346.00 | 39.90 | -6.60% | -19.66% | 256.63% | 51.21% | 6.56% |
| | 4,114.75 | | | | | | 8.06% |
| 24.940 | 1,571.22 | 0.00 | -1.03% | -47.36% | 5.41% | 282.09% | 3.08% |
| | 1,571.22 | | | | | | 3.08% |
| 50.050 | 2,652.65 | 0.00 | 8.10% | -0.89% | 5.59% | 291.52% | 5.20% |
| | 2,652.65 | | | | | | 5.20% |
| 42.06 | 2,439.48 | 0.00 | -1.45% | -14.55% | 0.19% | 9.94% | 4.78% |
| | 2,439.48 | | | | | | 4.78% |
| 46.190 | 969.99 | 0.00 | 14.05% | -25.35% | -3.73% | -194.53% | 1.90% |
| | 969.99 | | | | | | 1.90% |
| 40.900 | 2,004.10 | 0.00 | 8.78% | -11.11% | 0.25% | 12.78% | 3.93% |
| | 2,004.10 | | | | | | 3.93% |
| 61.620 | 2,649.66 | 0.00 | -0.29% | -22.72% | 7.17% | 373.61% | 5.19% |
| | 2,649.66 | | | | | | 5.19% |
| 45.350 | 3,174.50 | 0.00 | -2.58% | 4.70% | 54.38% | 17.26% | 6.22% |
| | 3,174.50 | | | | | | 6.22% |
| 62.300 | 4,174.10 | 0.00 | -11.63% | -20.64% | -7.53% | -7.53% | 8.18% |
| 31.580 | 1,894.80 | 129.30 | -2.86% | -10.89% | 61.60% | 10.30% | 3.71% |
| | 6,068.90 | | | | | | 11.89% |
| 59.610 | 2,801.67 | 64.70 | 0.18% | -6.13% | 42.46% | 13.48% | 5.49% |
| | 2,801.67 | | | | | | 5.49% |
| 23.438 | 2,414.06 | 0.00 | -1.83% | 16.10% | -40.66% | -20.59% | 4.73% |
| | 2,414.06 | | | | | | 4.73% |
| 50.140 | 4,111.48 | 4.10 | 0.10% | -6.93% | 5.11% | 2.59% | 8.06% |
| | 4,111.48 | | | | | | 8.06% |
| 43.550 | 1,393.60 | 51.78 | 2.47% | -4.42% | 330.99% | 66.05% | 2.73% |
| | 1,393.60 | | | | | | 2.73% |
| 27.313 | 3,714.50 | 16.74 | -4.38% | -12.07% | 94.95% | 24.00% | 7.28% |
| | 3,714.50 | | | | | | 7.28% |
| 15.030 | 1,713.42 | 0.00 | -20.89% | -43.01% | -61.75% | -61.75% | 3.36% |
| 56.500 | 2,825.00 | 0.00 | -4.24% | 30.26% | 35.43% | 11.25% | 5.54% |
| | 4,538.42 | | | | | | 8.89% |
| 24.410 | 1,684.29 | 0.00 | 10.95% | -40.28% | -51.84% | -51.84% | 3.30% |
| | 1,684.29 | | | | | | 3.30% |
| 15.000 | 1,590.00 | 0.00 | -7.69% | 12.15% | -58.83% | -58.83% | 3.12% |
| | 1,590.00 | | | | | | 3.12% |
| 47.460 | 2,422.41 | 0.00 | -7.83% | -13.94% | 93.87% | 15.69% | 4.75% |
| | 2,422.41 | | | | | | 4.75% |
| | 2,934.60 | 0.00 | | | | | 5.75% |
| | 2,934.60 | 0.00 | | | | | 5.75% |
| | \$51,036.56 | \$0.00 | -4.44% | -20.83% | 4.07% | 31.14% | 100.00% |
| \$1,238.16 | \$1,238.16 | \$0.00 | 5.75% | -3.52% | 141.10% | 23.58% | 100.00% |

The GBE Portfolio

Global Business Exploration Program (GBE)

Since the inception of the Global Business Explorations Program (GBE) in 1997, the GBE class has worked towards creating a scholarship program to aid business students who wish to study abroad. In an effort to help promote the efforts of the GBE class, the Investment Management Program (IMP) spun off a portion of funds into a separate portfolio to be managed by IMP on behalf of the GBE class and their cause.

This spin-off fund provides a means for the GBE students to reach their scholarship goal. In addition, the students in the IMP class benefit from the opportunity to gain practical experience in client relationships. The IMP class has designated representatives responsible for working with the GBE students to establish and perpetuate agreed upon investment goals, risk levels, and management strategies that will enable the GBE to meet their financial goals in the best way possible. In addition, representatives meet regularly with GBE students in order to keep them apprised of the portfolio's performance and to discuss any necessary adjustments in the composition of the portfolio.

GBE Investment Strategies:

Technology (40%)

Cisco Systems (7%)
EMC Corp. (10%)
Oracle (10%)
Janus Worldwide Fund

Communications (11%)

Nokia

Retail (10%)

Wal-Mart (10%)

Health Care (15%)

Pfizer (10%)
Janus Worldwide Fund

Industrials (10%)

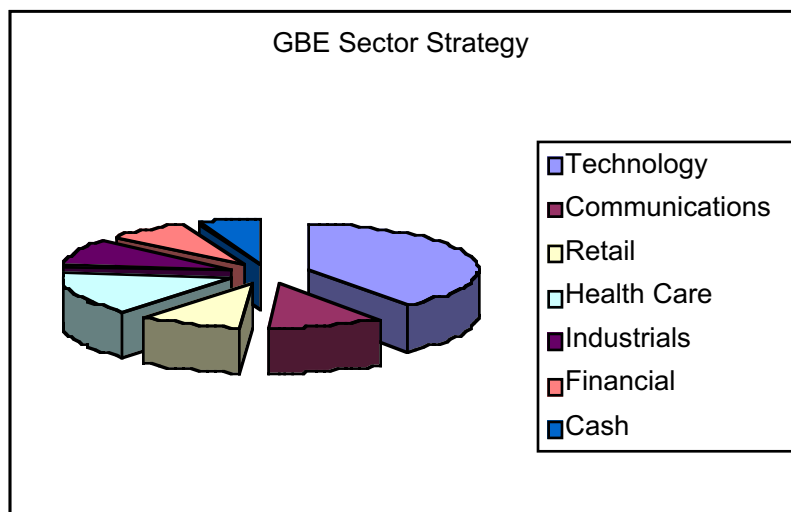
General Electric (10%)

Financial (8%)

Knight/Trimark Group

Cash (6%)

GBE Portfolio Asset Allocation:



GBE Portfolio

Objective:

Obtain above average returns through long-term capital appreciation and current income from a diversified portfolio of common stocks concentrated in industries that are poised for strong future growth.

Style:

The investment style for the GBE fund consists of predominantly growth investing, supplemented by value and income components as seen fit due to market and economic fluctuations.

Selection Criteria

Top-Down Approach:
Economy>Industry>Company

GBE Portfolio Sell Decisions

At the beginning of the semester, we noted the under-performance of the GBE portfolio. This portfolio currently had the same objectives and strategies of the IMP portfolio. In agreement with a suggestion made by the students in the previous semester, we decided the GBE needed to form its own identity. In order to achieve this goal, we formulated

an independent investment objective, style, and selection criteria.

GBE's primary purpose is to raise money to fund scholarships for students traveling abroad. However, the portfolio value was approximately \$19,000. Our purpose was twofold; we wanted to both diversify the portfolio as well as enter higher growth industries. The best way to accomplish this was to research growth companies that are industry leaders. In our analysis, we utilized a top-down approach. During this process, we noticed the companies in the portfolio were not properly weighted in the sectors we wished to be in. Also, some of the stocks were not industry leaders.

Securities Sold: JLG Industries, Pitney Bowes, Dollar General, Kaydon, First Industrial Realty, US Industries Holding

GBE Portfolio Buy Decisions:

EMC Corporation (EMC)

EMC is the dominant provider of data storage solutions. As the Internet becomes more integrated into our everyday lives, demand for their products has been greater than ever. Not only is EMC a blue-chip growth company, its stock has performed exceptionally well in the past decade. Our reasons for buying EMC's stock are due to their superior growth rates. Profit margins are expected to continue to widen in the foreseeable future, benefiting from their

rapidly growing software business and declining component costs. Over the next five years, earnings are projected to increase 32 percent annually.

General Electric Company (GE)

GE is an industrial corporation providing a wide array of products including appliances, lighting products, aircraft engines, plastics, television, cable, Internet, distribution, engineering and financial services. The company's profitability, as measured by gross profit margin, averaged 56.75 percent for the past five years and projected five-year earnings growth is 15.2 percent. GE recently approved the acquisition of Honeywell International (HON), which should enable the company to further diversify its business, as well as increase its customer base.

Oracle (ORCL)

Oracle is the world's largest supplier of information management software. Oracle has the broadest suite of products, which allow it to offer end-to-end software solutions for their customers. Oracle's earnings per share growth have been accelerating in the last year and are expected to continue to do so in the future. This is a result of implementing their own software applications, which saved the company over \$1 billion dollars last year and is expected to save up to \$2 billion next year. Along with these activities, Oracles earnings are projected to grow at 41 percent in the next year and 25 percent over the next five years.

Pfizer Inc. (PFE)

Pfizer Inc. is the industry leader in Drug Manufacturing and is a global consumer products company, which develops, discovers, and manufactures pharmaceuticals for humans as well as animals. Pfizer currently manufactures Viagra and Lipitor, two of eight major products that led to a \$1.0 billion boost in revenue in 2000. In addition, strong management and the merger with pharmaceutical powerhouse Warner-Lambert enabled Pfizer to realize revenue growth that has exceeded the industry average by 33 percent over the last 3 years. Seven new products are in the pipeline, and Pfizer predicts 5-year growth of 20 percent.

Wal-Mart Stores, Inc. (WMT)

Wal-Mart Stores, Inc. principally is engaged in the operation of mass merchandising stores, which serve customers primarily through three business segments, which are the Wal-Mart Stores, SAM'S Club, and International segment. Their forecasted five-year earnings growth is approximately 14.9 percent. In addition, Wal-Mart plans to continue expanding, by opening many new stores. Also, in slowing economic conditions, discount stores such as Wal-Mart take market share away from more specialized retailers. Taking recent economic conditions into account and the long-term growth potential, the class felt Wal-Mart was ideal for the GBE Portfolio.

GBE Portfolio Performance

Global Business Exploration Program 2001 Portfolio Performance

Portfolio Statement as of Market Close 18-Apr-01

| Stock | Purchase Date | Beta | Shares | Purchase Price | Initial Cost Basis | 1/1/01 Price | 3/19/01 Price |
|----------------------------------|----------------|-------------|--------|----------------|--------------------|--------------------|--------------------|
| OPEN POSITIONS | | | | | | | |
| Cisco Systems (CSCO) | 4/30/99 | 1.34 | 48 | 27.766 | 1,332.73 | 33.320 | 20.813 |
| Computer Networks | | | | | 1,332.73 | | |
| EMC Corporation (EMC) | 3/15/01 | 1.69 | 38 | 35.250 | 1,339.50 | 54.310 | 34.400 |
| Computer Storage Devices | | | | | 1,339.50 | | |
| Oracle Corporation (ORCL) | 3/15/01 | 1.85 | 90 | 14.938 | 1,344.38 | 26.375 | 15.437 |
| Software & Programming | | | | | 1,344.38 | | |
| Wal-Mart Stores, Inc.(WMT) | 3/15/01 | 0.94 | 28 | 47.900 | 1,341.20 | 53.875 | 47.380 |
| Retail(Department & Discount) | | | | | 1,341.20 | | |
| General Electric (GE) | 3/15/01 | 1.13 | 33 | 41.050 | 1,354.65 | 43.750 | 41.100 |
| Conglomerates | | | | | 1,354.65 | | |
| Pfizer(PFE) | 3/15/01 | 0.43 | 35 | 38.650 | 1,352.75 | 46.125 | 37.600 |
| Major Drugs | | | | | 1,352.75 | | |
| Nokia Corporation (NOK) | 4/19/00 | 1.92 | 64 | 50.688 | 3,244.00 | 50.688 | 26.700 |
| Communications Technology | | | | | 3,244.00 | | |
| Knight/Trimark Group (NITE) | 4/19/00 | 0.00 | 68 | 36.430 | 2,477.24 | 13.380 | 15.625 |
| Investment Services | | | | | 2,477.24 | | |
| Janus Worldwide (JAWWX) | 4/30/99 | 0.89 | 49.087 | 52.109 | 2,501.23 | 55.150 | 47.890 |
| Mutual Funds | | | | | 2,501.23 | | |
| Prudential Money Mkt Assets Fund | | | | | | | |
| Money Market | | | | | | | |
| PORTFOLIO TOTALS | | 1.10 | | | \$16,287.68 | \$18,323.17 | \$13,675.22 |
| S&P 500 (Benchmark) | 3/31/98 | 1.00 | | | \$1,101.75 | \$1,455.22 | \$1,252.82 |

| Current Price | Current Mkt Value | Total Dividends | One Week Change | Year to Date Change | Holding Change | Annualized Return | Weights |
|-------------------|--------------------|-----------------|-----------------|---------------------|----------------|-------------------|----------------|
| 17.930 | 860.64 | 0.00 | -13.85% | -46.19% | -35.42% | -17.98% | 5.80% |
| | 860.64 | 0.00 | | | | | 5.80% |
| 36.660 | 1,393.08 | 6.30 | 6.57% | -32.50% | 4.47% | 47.99% | 9.39% |
| | 1,393.08 | 6.30 | | | | | 9.39% |
| 17.920 | 1,612.80 | 3.86 | 16.08% | -32.06% | 20.25% | 217.43% | 10.87% |
| | 1,612.80 | 3.86 | | | | | 10.87% |
| 52.730 | 1,476.44 | 139.76 | 11.29% | -2.13% | 20.50% | 220.12% | 9.95% |
| | 1,476.44 | 139.76 | | | | | 9.95% |
| 47.890 | 1,580.37 | 224.40 | 16.52% | 9.46% | 33.23% | 356.71% | 10.65% |
| | 1,580.37 | 224.40 | | | | | 10.65% |
| 40.900 | 1,431.50 | 0.06 | 8.78% | -11.33% | 5.83% | 62.54% | 9.65% |
| | 1,431.50 | 0.06 | | | | | 9.65% |
| 31.000 | 1,984.00 | 0.00 | 16.10% | -38.84% | -38.84% | -38.95% | 13.37% |
| | 1,984.00 | 0.00 | | | | | 13.37% |
| 17.060 | 1,160.08 | 0.00 | 9.18% | 27.50% | -53.17% | -53.32% | 7.82% |
| | 1,160.08 | 0.00 | | | | | 7.82% |
| 50.560 | 2,481.84 | 0.00 | 5.58% | -8.32% | -0.78% | -0.39% | 16.72% |
| | 2,481.84 | 0.00 | | | | | 16.72% |
| | 858.67 | 0.00 | | | | | 5.79% |
| | 858.67 | 0.00 | | | | | 5.79% |
| | \$14,839.42 | \$374.38 | 8.51% | -19.01% | -6.59% | 88.71% | 100.00% |
| \$1,122.14 | \$1,122.14 | \$0.00 | -10.43% | -22.89% | 1.85% | 0.61% | 100.00% |

Acknowledgments

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Past members of the Investment Management Program

Faculty who have given us all of the background knowledge and confidence to succeed.

All who have helped with the program since its inception by donating their time and money.

Finance Faculty and Staff



Front Row (left to right): Dr. Herbert Roth, Jill Bard, Dr. Ralph Hocking. Back Row (left to right): Dr. Hong Rim, Dr. Ming Shiun Pan. Not pictured: Dr. Robert Fok.



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